

equal proportions in the purchase of country bank-notes. ^r The tendency of this policy was to force the city notes into-circulation and withdraw the country notes unless they were maintained absolutely at par by the action of the country banks. The plan was vigorously resisted at first by the country banks and the Boston association was decorated with such opprobrious names as the "Holy Alliance" and "Six-tailed Bashaw." The country banks were forced to yield, however, and most of them consented to make the permanent deposit of \$2000 which was now required, in addition to a sufficient sum for current redemptions. The notes of those maintaining their redemption, fund were received at par and were charged up against them. once a week or as often as might be convenient. The Suffolk Bank charged interest whenever the amount redeemed exceeded the funds to the credit of the issuing bank, but. received the notes of all banks in good standing and placed them to the credit of the bank sending them in.

A sort of clearing house was thus established which enabled the issues of one bank to be set off against those of another in making settlements. The effect of restoring the country notes to par was to reduce the circulation of sixteen Massachusetts banks within six months by \$382,781 and to increase the circulation of the Boston banks by \$283,497. When any bank refused to join the Suffolk system, the-Suffolk Bank simply presented its notes for redemption. This course soon convinced the majority of the country banks that it was better to clear through the Suffolk Bank than to maintain an unequal competition with neighboring banks, which had the prestige of belonging to the Suffolk system and whose notes were at par throughout New England. The suspension of specie payments in 1837 put an end to enforced redemption for a time, but the majority of the banks continued to settle their balances through the Suffolk Bank and their bills passed current all over the

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